GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2775
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ECONOMIC PACKAGE
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has recently announced any economic package to boost economy and overcome the recession in the country; and

(b) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) and (b) There is no recession in the economy. However, in the wake of global financial crisis, the Government, with a view to safeguard the growth process, has announced fiscal stimulus measures on 7.12.2008. Some of the major announcements are:

1.Central Excise:
(i) The three major ad valorem rates of Central Excise duty viz. 14%, 12% and 8% applicable to non-petroleum products have been reduced by 4 percentage points each to 10%, 8% and 4% respectively.
(ii) The ad valorem component of central excise on cars has been reduced from 24% to 20%.
(iii) In the case of cement, which attracts either the ad valorem rate of 12% or specific rates (Rs./metric tonne) depending upon the retail sale price, the specific rates have been reduced in the same proportion as the ad valorem rate. The concessional rates for cement produced by mini-cement plants have been reduced proportionately. Bulk cement would now be chargeable to either 10% ad valorem or Rs.280/- per tonne, whichever is higher.
(iv) The rate of duty on cotton textiles and textile articles has been reduced from 4% to Nil.

2.Customs duty: Import of Naphtha for generation of electric energy has been fully exempted from basic customs duty. This exemption will be available upto 31.03.2009.

3.Export duty on iron ores: The export duty of 8% on iron ore fines has been withdrawn while the rate of export duty on iron ore lumps has been reduced from 15% to 5% ad valorem.

4.Service Tax:

(i) The benefit of refund of service tax paid by exporters has been extended to services provided by clearing and forwarding agent to exporters also.

(ii) The threshold limit of refund of service tax paid by exporters on foreign commission agent services has been enhanced from 2% of FOB value to 10% of FOB value of export goods.

(iii) Drawback benefit can now be availed of simultaneously with refund of service tax paid in respect of exports.

5.Other measures

Additional plan expenditure of upto Rs 20,000 crore in the current year.

Ensure full utilisation of funds already provided, so that the pace of expenditure is maintained.

The total spending programme in the balance four months of the current fiscal year, taking plan and non-plan expenditure together is expected to be Rs.300,000 crore.

Additional funds of Rs 1100 crore to ensure full refund of Terminal Excise duty/ Central Sales Tax (CST), additional allocation of Rs 350 crore for export incentive schemes and Government back up guarantee to Export Credit and Guarantee Corporation of India (ECGC) to the extent of Rs 350 crore to provide guarantees for export to difficult markets/products have been announced.

Additional allocation of Rs 1400 crore to clear the entire backlog in Technology Upgradation Fund (TUF) Scheme has been announced.

Inclusion of all items of handicrafts under 'Vishesh Krishi and Gram Udyog Yojana' has been announced.

India Infrastructure Finance Company Limited (IIFCL) to raise Rs.10,000 crore through tax-free bonds by 31/3/2009 to refinance bank lending of longer maturity to eligible infrastructure projects, particularly in highways and port sectors.

The need for initiatives for increased funds flow from public sector banks to housing and Micro, Small and Medium Enterprises (MSME) have been announced.